## Message Text

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**ACTION EUR-08** 

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 3798

SECRETBUDAPEST 2376 SECTION 1 OF 3

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E.O. 11652: GDS TAGS: PFOR, HU

SUBJECT: MEETING WITH PRIME MINISTER LAZAR

SUMMARY: AMBASSADOR MCAULIFFE PAID ONE-HOUR COURTESY CALL ON PRIME MINISTER GYORGY LAZAR AND DISCUSSED WIDE RANGE OF ISSUES AFFECTING HUNGARIAN-AMERICAN RELATIONS. THE AMBASSADOR EXPRESSED U.S. GOVERNMENT'S DESIRE TO NORMALIZE ITS RELATIONS WITH HUNGARY. HE THANKED LAZAR FOR COURTESIES EXTENDED TO MRS. ROCKEFELLER DURING JULY 13-15 VISIT. PREMIER, IN REPLY TO AMBASSADOR'S COMMENTS ON MFN, STATED WITH CLARITY GOH POSITION ON MFN AND ON RELATED ISSUE OF EMIGRATION AND DIVIDED FAMILIES. LAZAR THEN ORALLY BUT OFFICIALLY REQUESTED THAT U.S. RETURN "HUNGARIAN CROWN" AND EXPLICITLY ASKED THAT AMBASSADOR MCAULIFFE CONVEY HIS REQUEST TO SENIOR U.S. AUTHORITIES. AMBASSADOR THANKED PREMIER FOR HIS CLEAR EXPRESSION OF HUNGARIAN POLICY AND REMINDED HIM OF ISSUES WHICH U.S. CONSIDERS IMPEDIMENTS TO IMPROVED RELATIONS. MCAULIFFE STATED THAT HE HAD SUGGESTED TO FONMIN PUJA THAT EACH SIDE IDENTIFY ITS PROBLEMS AND EXAMINE THEM FROM VARIOUS ASPECTS, ADDING THAT EMBASSY BUDAPEST HAD ALREADY BEGUN SOME PRELIMINARY WORK ALONG THESE LINES AND WOULD BE SUBMITTING RESULTS TO WASHINGTON FOR APPROVAL AND GUIDANCE. END SUMMARY.

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- 1. LAST WEEK AMBASSADOR MCAULIFFE PAID COURTESY CALL ON HUNGARIAN PRIME MINISTER LAZAR THAT LASTED FOR ALMOST FULL HOUR. ALSO IN ATTENDANCE WAS DR. GYORGY BANLAKI OF THE HUNGARIAN FOREIGN OFFICE WHO SERVED AS INTERPRETER. BRIEF MENTION OF JULY 16 VISIT ON PRIME MINISTER AND ON PRESIDENT OF PARLIAMENT (ANTAL APRO) APPEARED IN BUDAPEST PRESS FOLLOWING DAY. DIPLOMATIC CORPS, NOTING THAT MCAULIFFE WAS FIRST AMBASSADOR TO CALL ON NEW PRIME MINISTER, HAS BEEN TWITTERING EVER SINCE AND ATTEMPTING TO ASSAY POLITICAL SIGNIFICANCE. THIS EMBASSY WOULD SIMPLY NOTE THAT, DUE TO SUDDEN REPLACEMENT OF FORMER PRIMIN FOCK, MCAULIFFE NEVER ABLE CALL ON HIM; IN ADDITION, GOH PROBABLY WISHED RECIPRO-CATE IN PROTOCOL TERMS THE FACT THAT HUNGARIAN AMBASSADOR FERENC ESZTERGALYOS PRESENTED HIS CREDENTIALS TO OUR PRESIDENT ON JULY 14. GOH, AS PREVIOUSLY REPORTED (BUDAPEST 1461), ATTACHED GREAT IMPORTANCE TO PRESENTATION OF CREDENTIALS BY ESZTERGALYOS PRIOR TO HIS SCHEDULED RETURN TO BUDAPEST IN LATE JULY; AND THERE IS REASON TO BELIEVE THEY ARE GRATEFUL THAT THEIR HOPES WERE REALIZED.
- 2. AT OUTSET MCAULIFFE CONGRATULATED LAZAR ON HIS ELECTION TO PREMIERSHIP AND COMMENTED ON COMPARATIVE YOUTH OF NEW MEMBERS HIS CABINET AND ON SIZABLE NUMBER OF YOUNGER MEN AND WOMEN WHO HAD WON ELECTION TO NEW PARLIAMENT. MCAULIFFE WHO HAD SOME ACQUAINTANCE WITH POLITICAL LEADER-SHIP IN WESTERN EUROPE HAD INITIALLY BEEN STRUCK BY AGE OF HUNGARY'S SENIOR OFFICIALDOM. BUT RECENT CHANGES BRINGING FORTY AND FIFTY YEAR OLD MEN AND WOMEN INTO KEY POSITIONS PARALLELED DEVELOPMENTS ELSEWHERE IN EUROPE AND NORTH AMERICA. LAZAR SAID THAT FIRST SECRETARY KADAR AND LEADER-SHIP OF HUNGARIAN SOCIALIST WORKERS PARTY HAD LONG RECOGNIZED NEED TO REJUVENATE BOTH GOVERNMENT AND PARTY AND THEY HAD MADE NO SECRET OF THAT FACT. THEY HAD MADE CONSCIOUS EFFORT TO IDENTIFY TALENTED HUNGARIAN MEN AND WOMEN WHILE STILL IN THEIR THIRTIES. TO EDUCATE THEM ACADEMICALLY AND BY EXPERIENCE, TO FAMILIARIZE THEM WITH THEIR COUNTRY AND ITS PLACE IN SOCIALIST WORLD, AND TO BRING THEM FORWARD THROUGH CAREFUL SELECTION PROCESS INTO POSTS OF INCREASING RESPONSI-BILITY. LAZAR SAID THAT AT ONE TIME OR ANOTHER HE HAD WORKED CLOSELY WITH EVERY SINGLE MEMBER OF THE COUNCIL SECRET

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OF MINISTERS AND THAT HE HAD COMPLETE CONFIDENCE IN TALENTS, ABILITY AND DEDICATION OF EACH OF HIS COLLEAGUES. ONE SHOULD EXPECT THOSE WHO HAVE NEWLY ASSUMED MINISTERIAL POSTS TO DO SOME RESTRUCTURING, TO INTRODUCE MORE MODERN MANAGEMENT METHODS AND TO BRING NEW ENERGY TO THEIR TASKS -- BUT ALL THEIR ACTIVITY, ALTHOUGH PERHAPS DIFFERENT IN EXTERNAL FORM, WILL BE CONTINUATION OF HUNGARIAN SOCIAL, ECONOMIC AND POLITICAL POLICY WITHIN SOCIALIST NORMS.

- 3. MCAULIFFE COMMENTED FAVORABLY ON IMPRESSIVE JULY 4 CEREMONY INSTALLING NEW PARLIAMENT AND NEW GOVERNMENT. HE EXPLAINED THAT SINCE JULY 4, 1975 WAS THE 199TH ANNIVERSARY OF INDEPENDENCE OF UNITED STATES, HE HAD FOUND IT NECESSARY TO LEAVE PROCEEDINGS DURING NOON RECESS TO HOST TRADITIONAL DIPLOMATIC VIN D'HONNEUR. ALTHOUGH HE HAD NOT HEARD PRIME MINISTER'S ADDRESS IN PERSON, HE HAD READ IT IN TRANSLATION AND HAD FOUND IT CLEAR AND USEFUL STATEMENT OF ECONOMIC AND SOCIAL POLICY OF NEW GOVERNMENT. HE HAD ALSO READ IN MAY ISSUE OF TARSADALMI SZEMLE LAZAR'S ARTICLE DESCRIBING HUNGARY'S PRESENT ECONOMIC SITUATION AND FUTURE PROSPECTS, EXCELLENCE OF WHICH MADE ONE UNDERSTAND WHY ECONOMISTS AND FINANCIAL EXPERTS FROM BUDAPEST ARE HELD IN SUCH HIGH REGARD EVERYWHERE. PRIME MINISTER EXPRESSED HIS THANKS, REMARKING THAT HUNGARY HAD ALWAYS BEEN SMALL AND POOR COUNTRY AND, UNTIL RECENT YEARS, RATHER BACKWARD ONE IN TERMS OF ECONOMIC AND SOCIAL DEVELOPMENT. HUNGARIAN PEOPLE HAD LONG TRADITION OF USING MENTAL FACULTIES AND ARTISTIC TALENTS TO THE FULLEST.
- 4. MCAULIFFE EXPRESSED THANKS TO PRIMIN AND THROUGH HIM TO HUNGARIAN GOVERNMENT FOR WARM-HEARTED AND THOUGHTFUL HOSPITALITY TENDERED MRS. NELSON ROCKEFELLER AND HER DAUGHTERS DURING THEIR PRIVATE, UNOFFICIAL JULY 13-15 VISIT TO BUDAPEST. HE MENTIONED SPECIFICALLY KIND ATTENTION SHOWN BY DEPUTY FOREIGN MINISTER JANOS NAGY WHO HAD COORDINATED ACTIVITIES ON HUNGARIAN SIDE. LAZAR SAID HE WAS PLEASED TO HEAR THAT MRS. ROCKEFELLER'S PRIVATE HOLIDAY IN HUNGARY HAD BEEN ENJOYABLE. HUNGARY AND ITS GOVERNMENT WELCOME THRONGS OF VISITORS, OFFICIAL AND UNOFFICIAL, FROM BOTH EAST AND WEST EVERY YEAR; AND THAT POLICY WILL CONTINUE. MCAULIFFE OBSERVED THAT MRS. ROCKEFELLER'S PRIVATE VISIT SECRET

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WOULD, IN HIS VIEW, CONTRIBUTE IN ITS OWN WAY TO BETTER UNDERSTANDING BETWEEN THE TWO PEOPLES. HE WENT ON TO SAY THAT--AS HE HAD ALREADY TOLD PRESIDENT LOSONCZI, FOREIGN MINISTER PUJA AND OTHER SENIOR OFFICIALS--HIS INSTRUCTIONS WERE TO NORMALIZE RELATIONS BETWEEN THE TWO COUNTRIES FOR MUTUAL BENEFIT OF BOTH PEOPLES. IN SO DOING, HOWEVER, ONE MUST DO NOTHING THAT WILL DAMAGE HUNGARY'S RELATIONS WITH HER FRIENDS AND HER ALLIES; NOR WILL U.S. ALLOW ITS RELATIONS WITH FRIENDS AND ALLIES TO SUFFER DAMAGE. PRIMIN OBSERVED THAT THIS WAS WISE POLICY WHICH HIS GOVERNMENT

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Subject: MEETING WITH PRIME MINISTER LAZAR SUMMARY: AMBASSADOR MCAULIFFE PAID ONE-HOUR COURTESY CALL

TAGS: PFOR, HU, US, (LAZAR, GYORGY)
To: STATE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006